

THE FUTURE OF SUGAR

Will Production Cost Increase?

FIGURES ON THE SUBJECT

Opinions of Dr. Harvey Wiley, Chemist of Department of Agriculture.

The following on the conditions which will tend to increase the cost of sugar is taken from a report on the industry in Hawaii written by Dr. Harvey Wiley, Chemist of the Department of Agriculture of the United States, and published in a report on the "Progress of the Beet Sugar Industry in the United States," by order of Congress: Unskilled labor performed on the plantations and in the mills in the production of sugar on the islands is almost entirely done by four classes, as follows: Portuguese, Japanese, natives and Chinese. The desirability of these different nationalities for work on plantations seems to run in the order which I have named them. It will be seen from the table on page 127 that this is the order according to wages paid. I desire to discuss under this head the prospect for a future rise in the wages. It will be seen by the table on page 128 that the greater portion of these laborers are Asians, there being many more Japanese than Chinese. Almost all of the laborers were brought to the islands originally under contracts. A contract laborer is one who signs a contract agreeing to work for his employer for a stipulated sum for a stipulated time, on condition that he will be supplied with food, clothing, transportation and furnish him a place to live, he boarding himself. Usually the time stipulated in these contracts is three years, and the wages \$12 to \$15 per month. There are other conditions in these contracts, and, in addition, the laws made by the Hawaiian Government give the planter almost entire control of the contract laborer's actions. He can be punished and imprisoned and made to work; and the planter has the power to decide whether or not he is able to work and other powers which make peculiar reading under the jurisdiction of the State and Stripes. The contract laborer himself is known as a "coolie."

From a moral or an intellectual standpoint, he would not rank very high. I have seen them unloaded and "beaten" by the hundreds, and it is hard to imagine that any country could furnish so many human beings so illly equipped for civilized life. These people, as they arrive, are usually dressed in a single loose garment without other clothing except some form of sandals and possibly a blanket. They present themselves as future wage-earners, possibly citizens, at least servants, to participate in the island affairs.

LABOR WILL BE DEARER.

Of course these are crude workmen—no wonder their pay is so little—but after three years' apprenticeship they are supposed to become more or less skilled, free to hire out as day laborers, go into business for themselves or return to the country they came from. Under the laws of the United States, which take effect June 14, 1900, no more Chinese laborers can come in, no more contract laborers can come, and all that are there simply become day laborers. If any additional Chinese laborers are needed, they must be recruited from the Chinese who are already in the islands. The Chinese will gradually become scarce. Some will die and some will return to their native land. If any additional Japanese come, of course it will be such as can pay their own expenses—a better class, who will demand higher wages, so that as these lower-class Chinamen and Japanese decrease in numbers wages will become higher, the same as they did in California.

This change will begin immediately, as the demand for labor of all kinds is expanding at a wonderful rate in the islands. The history and conditions in this case are exactly the same as those of California, and it will be but a short time until they will be paying in the Hawaiian Islands the same wages for the same kind of service as is paid in California today.

An business of all kinds increases in the islands, other industries will compete with the sugar industry in the demand for labor. If the cost of unskilled labor shall come up to a level with the cost of the same in the States, then the cost of labor to the Hawaiian sugar producer will have increased about two-thirds.

AS TO CAPITAL STOCK.

It is interesting in this connection to investigate some statistics which appear in Thrum's Annual for the years 1897-98. These statistics are used officially in the islands. In making a comparison of the number of tons of sugar to each laborer employed agriculturally and in the manufacture of the product, he gives the following:

1897, 9.13 tons of sugar to each laborer employed on the plantation or in the mill. 1898, 10.12 tons of sugar to each laborer employed on the plantation or in the mill.

The same authority gives the average wages paid on plantations as \$18 a month, or \$216 per year.

Suppose we take ten tons of sugar as the average amount produced per man during the years 1897 and 1898, then the cost of producing one ton would equal \$21.6, divided by 10, or \$2.16.

If the average wages in California are \$39 per month, and the average wages in Hawaii level, the change will involve an increase of 65.23 per cent. The increase in the labor cost of a ton of sugar will be \$14.40 and the labor cost of a ton of sugar will be \$36. If the average total cost of producing a ton of sugar in the islands at present is \$21.60, the additional labor cost of \$14.40 will increase the total cost of producing sugar in the islands to \$36.00 per ton, and the increase in the entire cost of production on account of this increased cost of labor will amount to 66 per cent.

The tendency of these companies to expand their capital stock to the highest limit furnishes another item of cost in production, which will not only make the cost of production higher than it has been hitherto, but it will have a tendency to fix this item permanently for the future. While the stock of these companies is listed as "all paid up," this does not necessarily mean that an amount of cash equal to the face value of the stock has been invested. It simply implies that the holder of the stock is not liable to assessment. In many cases the amount of the stock of a company is greatly increased by new issues which do not represent any new investment of capital whatever. I have already called attention to a concern whose profits were so large that the com-

pany called is the original capital stock and expanded it by issuing new shares of stock for five times the previous amount. This is probably the most radical move that has been made in this direction by any company, but as a rule the tendency has been to expand the capital stock as far as the profits in the same would justify. Where this has not already been accomplished it is being arranged for wherever possible. As a factor of cost in the future production of sugar this change operates as follows: The investment of capital in any concern must always be reckoned with as having an earning power. The operators of any business in making out their annual statements must count in as one of the items in cost of production a fair compensation for the capital employed. It is plain that this item will be larger as the capital is expanded. In the case of the concern mentioned previously, this item will be five times as large as it would have been in the first instance. It will not do to say that a part of the capital is fictitious and that it was the smaller capital that earned the profits because a great deal of his capital stock goes onto the market and passes into the hands of bona fide purchasers at the market value based upon its earning power, so that in one sense the capital stock really represents the larger amount as an investment and must be so considered in the future in estimating the cost of production.

CROP ROTATION.

Another item that is well worth considering in this connection is the future productivity of the land that is constantly employed in growing a single crop. This land has to be heavily reinforced by the use of fertilizers. It is a well-known doctrine of agriculturists that land deteriorates under the constant cultivation of a single crop, being called upon constantly for the same elements of plant food. It seems almost a certainty that these lands will have to be given longer periods of rest, or be used under some system of crop rotation, which in either case would lessen the amount of land available for sugar cane. Already rumors of this kind are more or less prevalent.

The lands controlled by these plantations are some of them owned in fee simple; others are held under long leases, some of them for fifty years. A considerable portion of the land is so held. This portion either belongs to the Hawaiian Government or "Crown" land, as the islands become more populous the value of these leased lands will increase. Much will depend on what may be the future policy with reference to the population of the islands, and upon this policy depends the future value of these leaseholds. In my opinion, the future utility of the islands themselves, so far as they shall bear a part in carrying out the function of our free American government, which is to understand is to bring to each individual as much comfort, intelligence and opportunity for a happy home life as it is possible for a government to accomplish.

Some of these leaseholds will soon expire, and, as has been stated, some of them are on lands under the control of the Government. The policy adopted in the future may be one which will bring these lands into the hands of small holders, who would, as is the rule in this country, be men with families which they are trying to rear, clothe, feed, protect and educate in the approved American fashion. This is a condition which the American as a rule would recognize as ideal. This condition would bring the most and best population, the most wealth, peace and happiness to the greatest number of people. On the other hand, the policy adopted may be such that these lands may be again controlled, owned in large tracts by the plantation companies. In this case the citizenship will be largely limited, so far as the rural districts are concerned, to hired laborers on the plantations without families. This condition would mean the maintenance of the sugar industry, and this is the principal industry.

MAXIMUM OF SUGAR.

The future maximum production of the islands, among those who have given the subject consideration, ranges in estimate between 450,000 and 500,000 tons. A large portion of this can be produced at a large profit. When the actual cost of pumping water for irrigation to higher altitudes has been determined, it will be possible to get at the earning rate of the various kinds of land on the islands. Probably all the lands estimated for the future production of the maximum 500,000 tons will produce cane at a profit, providing there is no fall in the sugar market, but not over half or three-fifths of this maximum can be produced at a cost nearly so low as the average cost of production in the islands at the present time.

It has been my attempt in this discussion on the cost of production of sugar in the Hawaiian Islands to give the facts, possibilities, and probabilities. The resources of the Hawaiian Islands for producing sugar are wonderful. I was impressed with the gentlemanly demeanor and the business sagacity and tact of those representing the sugar interests there. It has undoubtedly required men of energy to build up this industry as it has been done in the last twenty-three years. They have been men of business integrity. They have been able to induce millions of dollars of capital to invest in that industry and the capital has nearly always been able to find its reward. They have been men who have made a study of the best resources, methods and appliances. They have had faith in their enterprises, and their faith has been rewarded. They have been specially favored; many of them have succeeded in establishing reciprocity between the Hawaiian Islands and the United States in 1896. This was practically the beginning of their prosperity, as it gave them a free market near their shores for their chief product, sugar, and they had water transportation to this market. The volume of trade between the two countries was very favorable to them, as the imports per annum from the United States would not average in value over half the amount of products that we purchased from them. This trade balance with the States is still, and will be for some time, very much in their favor. The American people have from the beginning expressed satisfaction in the annexation of these islands, and have cheerfully allowed this advantage in trade. As the sugar industry is gradually developing in the States themselves, a desire for information as to the amount and cost of production in our new possessions, and other facts incident to the sugar industry, has been quite generally manifested, and this legitimate demand for information has been effort, within the limits of my opportunities, to satisfy.

Registration Board's Session.

The Board of Registration was asked yesterday whether they would keep open sessions for a longer time each day from now on until the close of their work on the 19th. Lorrin Andrews, president of the Board, said there were no more persons coming to the Board to register than they could well handle during the regular hours of the sessions, but that on October 19th, the last day, they would, in all probability keep open session from early morning until 9 o'clock at night.

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HEALTH IN THE SCHOOLS

As To Uncertificated Children.

MANY ARE NOT EXAMINED

Board of Education Receives Communications and Refers Them to Health Board.

Again the matter of the children who have been kept out of the public schools owing to the fact that they have no health certificate has come before the Board of Education, and in view of the great amount of talk and criticism that has arisen owing to statements at the last meeting of the Board with reference to this question, the correspondence read at the Board meeting yesterday makes interesting reading.

The question was the most important which came up and it was brought up by the following letters from agents of the Board of Education at two different points on the islands. The first of these letters is from F. K. Rosier, agent of the Board at Ulukouia, Maui, and is as follows:

Ulukouia, Maui, Sept. 28, 1900. Mr. A. T. Atkinson, Superintendent of Public Instruction, Honolulu. Dear Sir: The children in Ulukouia school have not been examined by a Government physician for three years and so cannot bring health certificates. I have telephoned Government School Agent at Waikouia about same, also physician at Kilauea, but to no purpose. I understand that a teacher is liable to fine if he permits the attendance of pupils without health certificate. What is to be done?

Very respectfully, P. ROSIER.

P. S.—Makua children are in same boat as ours. F. P. R.

The letter from S. Kellum, normal instructor for the Second Circuit is even more interesting, as well as lengthy, and it is, in full, as follows: Waialae, H. I., Sept. 20, 1900. Mr. A. T. Atkinson, Superintendent of Public Instruction, Honolulu. Dear Sir: I did not intend to visit Waialae School so soon, but having heard that a great many of the children were excused by the doctor, I wanted to know just on what ground these children were excused. About ten of these children were excused and were told to report to the doctor when they came back. These children are suspected. The queerest thing about this whole case was that it happened on a second examination by the doctor. On his first round he found them O. K., but when he found a very bad case, then he went over a certain number of children and picked some out as suspects.

Dr. Goodhue (I believe it was he) separated some children when I first came to Waialae, kept them out of school, told them that they were not to mix with the other children, etc.; he gave the rest of the school a clean bill of health. Three years ago Dr. Weddick gave the school a clean bill of health. Two years ago, the same. Last year, no examination; I found one case which was quite bad; I excused him all the year—he would not report to the doctor, was too busy to come and examine the school. This year that case was pronounced leprosy, whereas the three suspect cases excused four years ago are still in Waialae, have been mixing freely with the rest of the children, etc.

It is not reported to complain of the doctor as he has tried to do his duty; but it seems to me a child is either sick or he is not. There ought to be no "suspect" business. If a child is a real suspect, that means he is sick and ought to be separated from the place and from associating with the other children. It may be cruel and hard, but it is best for the rest of the community.

Then again, the Board of Health might require that the examinations be conducted a little more thoroughly than just a mere glance. I admit that there are a great many children to be gone over, but would it not be better to have the work thoroughly done, especially as the doctor comes only once a year, than to run the risk of having well children associate with children who may have a contagious disease?

The question of providing a means of educating these "outcasts" will be one of the tough questions the department will have to consider. Are we to let them be still mix with the others, or shall there be a place provided for them other than Kalaupapa?

Of course, having been with the children for four years, you can guess how anxious I was about the results of the doctor's examination, for my own young ones mixed quite freely with the school children. I am reporting on the health conditions at Waialae as I found them, and I do not wish to be understood as complaining about the doctor. That is his own lookout. I only wish there could be more thorough work. He may think I was doing his work thoroughly enough; but that is where we would differ.

S. KELLUM, Normal Instructor, Circuit II.

It was decided by the Board to send both communications to the Board of Health for action by that body.

A FAITHFUL MINISTRY.

Rev. S. H. Davis Has Been at Kona for Twenty-Eight Years.

Seldom is a record to be found of longer or more faithful service in the ministry of the Church than that of the Rev. S. H. Davis of this diocese, says the Anglican Church Chronicle. For twenty-eight years Mr. Davis has been stationed at Kona, on the Island of Hawaii, where, in spite of many difficulties, and of bodily infirmity, he has not only ministered to the needs of a scattered congregation, but has, with his own hands, added to the mere shells of buildings that he found there, in this way completing an attractive church and a commodious rectory. Nor has Mr. Davis rested satisfied with thus providing a suitable house for the public worship of God and a place of abode for his minister. For a number of years he has labored in earning and collecting money for the permanent endowment of the same. Already, for this purpose, nearly \$5,000 has been secured, and the sum is continually be-

JOHN CASSIDY IS OUT AND CORCORAN IS IN

Men Operators Join The Striking Girls.

WHOLE TELEPHONE SYSTEM MAY BE TIED UP TODAY

Higher Wages and Restoration of Old Manager are the Demands of the Males.



JOHN CASSIDY.

MANAGER CASSIDY of the Mutual Telephone Company is out and Expert J. H. Corcoran is in. In future the latter will be known as the manager and will look after the operating room, the striking "Hello" girls and the lines in general. The directors of the company had a breezy meeting yesterday afternoon in the treasurer's office and the operators' strike and the complaints which have flooded the manager's office were considered at some length.

The name of J. H. Corcoran, who has lately come down from the Coast for the purpose of installing the balance of the plant and remedying the defects, was proposed as manager in place of Mr. Cassidy, who has held the position for many years. There was little discussion on this phase of the matter, and Mr. Cassidy was removed and Mr. Corcoran put in his place.

Late yesterday afternoon the directors were apprised of a new strike. The male operators who attend the old mutual board in the daytime, and the three who look after the big switchboard at night, decided to cast their fortunes with the girl operators. Their decision was reached after the announcement was made that they were under the direction of the new manager, Mr. Corcoran. Not only did they refuse to forsake allegiance to their old manager and friend, but they decided to quit and ask for a raise in their wages, which they declare are insufficient for the demands made upon them by increased service. At 7 o'clock not a male operator will be ready to attend to the old switchboard, one of the main dependencies of the business section. At the same hour on the old board none of the girls who first walked out, and a few who have been wavering ever since, will be in their seats to answer calls, so they say. The housekeeper who attempts to get the car of "Central" after that hour is likely to be doomed to disappointment.

The four foremen of the line work have also signified their intention to stand by the operators, and gangs of workmen under them say they will also show their disapproval of the director's decision in turning Cassidy out of office, by refusing to go to work.

The strike has been more far-reaching in its effects than was at first supposed. It was thought that the walk-out of the girls on Thursday was a girls' strike, and would soon be over. Now that the men, the old operators and the linemen have joined them, the trouble has become a serious one indeed, and business is likely to suffer in consequence.

All the strikers say that their action is designed as a protest against the appointment of Mr. Corcoran in place of Mr. Cassidy as manager. They object to the young man assuming jurisdiction over them, and have so intimated to the company. One of them stated last night to an Advertiser reporter that the strike with them was two-fold: They want their old manager back and they want an increase in their weekly stipend.

The strikers also stated that the management was giving the green girls on the switchboard who have taken the places of their striking sisters, double compensation, and paying for their luncheons and extending other favors to them, while nothing has been done for the male contingent which has been working steadily along and standing the brunt of the work.

ing added to. The Rev. S. H. Davis is now approaching his 70th year, and although with him the morning and the noon of life are past, he eagerly looks forward to the completion of his hopes before the sun with him shall set.

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